

INDUSTRIALIZATION AND CHANGES OF FARMER HOUSEHOLDS' LIVELIHOOD IN DONG NAI PROVINCE

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ABSTRACT

In two recent decades, Dong Nai province is one of province has developed quickly industrialization in South-Eastern region of Vietnam. In this process, many industrial parks have been built up in rural area, therefore its impacts influences largely to livelihood as well as socio-economical living of farmer households. The impacts on economic-social-environment factors (such as rural human resource, farm land, non-agricultural activities, income and expenditure level, animal-cropping pattern and social relationship in rural community) have been occurring both in negative and positive aspects. As a consequence, there are many important issues have been posed under industrialization process: how change of landless and small-scale farmer households' livelihood and living standard; how change of

agricultural economic structure and cropping pattern under farm area condition is narrowed and smaller; how change of quality and quantity of labor force and human resource in rural area to adapt development of industry and service sectors; where sources of income of farmers and rural people come from (agriculture, non-farm, off-farm, etc).

The study has been carried out in the two industrialized-districts (Long Thanh and Nhon Trach) in Dong Nai province to collect panel data of 556 farmer households who are living in this region. All households are classified into 3 main groups by categories: (i) Landless household; (ii) Have very small land (less 0.3 hectare/household) called small-scale households; (iii) Have land (above 0.3 hectare/household). The results from statistic analysis will be presented in this paper.

IMPACTS OF INDUSTRIALIZATION ON LIVING OF FARMER HOUSEHOLDS

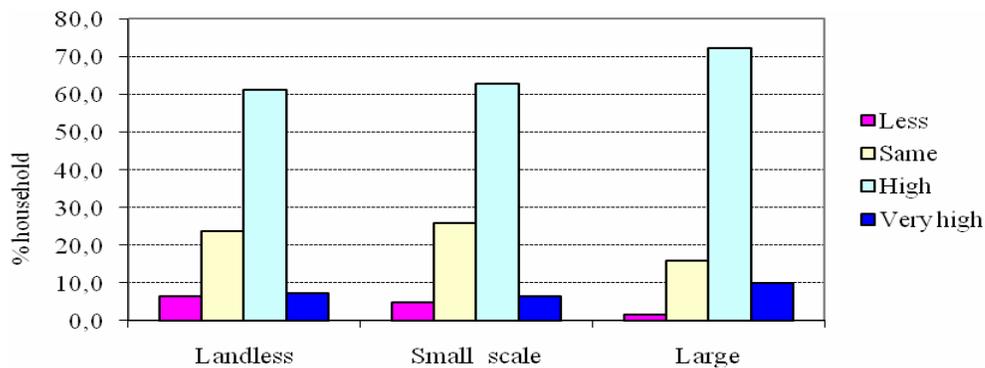
In Dong Nai, the progress of industrialization connected closely with forming and fast development of industrial park in rural areas. In the past 20 years, main income of households came mainly from farming activities, it occupied 90 percent of total family household's income, agriculture land played a very important role in generating the income for above 80 percent of farmers. However, beginning of 90s decade, agriculture land has reduced gradually and infrastructures of industrial parks have been built right in farm areas. In period of 2000-2010, per capita farm area tend to reduce fastly. Because of value of agriculture land moves up quickly in a short-term, some of land was accumulated and concentrated into investors and brokers who were not

farmers nor farming producers. According to results in Long Thanh and Nhon Trach district, Dong Nai province: in period of 1995-2000, there was above 40 percent of households reduced their agriculture land area by 0.73 hectare per household and above 70 percent of households sold a part or all their land in 2000-2010. On the contrary, less 10 percent of households bought agriculture land of 0.53 hectare in average. As a result, many areas of agriculture land were not used effectively and fallowed causes loss for natural resources. Further, trend of accumulation of agriculture land is not only useless for industrialization but also separate farming land areas into small and smaller plots. At present, there are many farmers having

very small land (under 0.3 hectare/household) or landless people.

In recent years, a large of agriculture land was used for other non-agriculture purposes such as: bulding industrial park, constructing house, setting up infrastructures for urbanization, etc. Farmer transfers their land and earns a lot of cash capital. As a results, many farmers changed their life, their living standard was improved, they earned money from different activities, both agriculture and non-agriculture. They used capital to repair or construct new house, buy mechanized equipments, payment of debt, give their children to school, share capital for their children to do business or service instead of agriculture. Results in two districts pointed that cash capital got from transfer of agriculture land reached to hundred

million VND per household (212 mil.VND in average). But there are more than 50 percent of household used captial for non-generated benefit purposes (35% of household build house; 15% of household bought house appliances); 20% of household shared capital for children or paid for school/job-training fee; 9% of household saved money in the bank or invested for bussiness. Particularly, there is 4 percent of household invested captial for non-agriculture activities (small business, service, agri-mechanic service, handicraft producing, agricultural products processing...); only 0.3% of household bought farming machines and 0.3% for setting up new small business. Many households used capital ineffectively then fell in debt and pauperise.



Source: Computed from survey, 2009.

Graph 1. Change of expenditure level in 3 group of houselds in Dong Nai under industrialization

Under the industrialization progress in Dong Nai, farmers and their children are employed in the enterprises, companies, factories (non-agricultural jobs) to earn better for their life. Households' activities are diversified by different job opportunities both in farming and non-farm. Therefore, households are not purely doing farming or farmers. Human resource and labor force in Dong Nai province were also employed effectively in the last two

decades due to development of many income-generated new jobs in rural area such as: house for rent, small business, small restaurant, goods transporataion services, workers and so on whereas these jobs don't need capital investment and requires low professional skill, it's quite suitable for low-educated/skill-level young labor force in present situation of Dong Nai in particularly and Vietnam as whole. A main part of workers who are originated

from farmer households is employed with relative sustainable-income in the industrial parks of Dong Nai province. Hence, there is the competition of labor force between agricultural and industrial sector. Wage of farming labor tends highly that influences to costs of production of agricultural products causes disadvantage for agriculture sector. However, by this trend, it generates opportunity to earn income for landless and small-land households in rural area.

In recent years, due to difficulties and challenges of farming activities such as lack of labor force, high costs of production, reduction of agri-products price, failure of animal cropping pattern, shortage of capital, limitation of cultivated land area...affected to income of farmer households and this is a reason why farmers transferred their land. Non-farm income contributes an important part more than that of farm income in whole family income. Results in Long Thanh and Nhon

Trach pointed out that in 2009: per farming capita income was 1.3 VND monthly, that is equivalent United Nations' standard line of poverty (2 USD per day), it's 6 times higher than income level in the year of 2004 and per capita saved monthly 0.5 million VND (after minus all expenditures for life). There were 50 percent of farmer households have lower contribution of farm-income than that of income in last time. However, there was 35 percent of intensive-farming household still has stable income from agriculture activities. Per household (4-5 persons) total income yearly occupied from 75 to 83 percent (54 to 58 million VND); income from crop and husbandry varied from 33 to 39 million VND per household yearly; from non-farm activities contributed of 31 million VND. 87 percent of household has at least one non-farm employee to work in industrial parks or private enterprises around the region.

Table 1. Income and its structure in landless and small-scale households

Group of household	Income (million VND)			Source of income (%)		
	HH/year	Capita/year	Capita/month	Non-farm	Farm	Hired
Landless	60.1	13.5	1.1	89.4	4.5	6.1
Small-scale	60.9	14.5	1.2	80.1	12.6	7.3
Large	76.0	17.0	1.4	60.1	35.1	4.9
Average	69.4	15.7	1.3	71.3	23.1	5.5

Source: Computed from survey, 2009

TRANSFER OF LANDLESS HOUSEHOLDS AND SMALL-SCALE FARMERS

Under the industrialization process, many farmers have become landless and changed their activities into non-agriculture to earn living by different kinds of non-farm jobs. Therefore, proportion of landless or small-scale household tends to increase in rural area of Dong Nai province. Actually, many industrial parks around Dong Nai province

give opportunity and employ a relative large amount of rural labor force and help farmers to improve their life. Results in Dong Nai pointed out that after the process of agriculture land reduction as mentioned above, there was 40 percent of farmer households having better house; 10-14 percent had worse house; 91 percent had

house area less 200 m²; 98 percent changed from agriculture to non-farm activities, 18 percent one is doing off-farm jobs and 11 percent still cultures crops and

8 percent feeds animals. Hence, on-farm income occupied of 90 percent total family income (54 million VND per household per year).

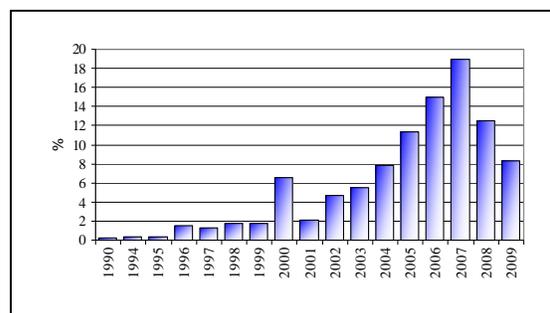
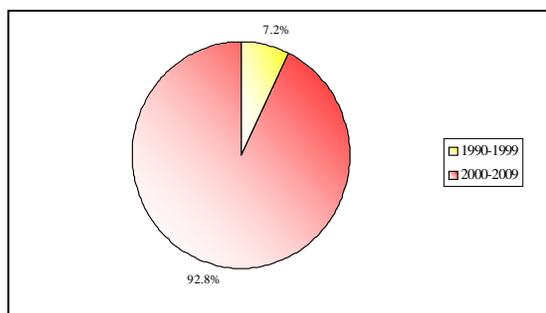
Table 2. Change of house situation in 3 groups of household in Dong Nai, 2000-2009

Percentage of household	Landless	Small-scale	Large
Better	40.0	44.4	39.8
Same	46.5	46.0	46.9
Worse	13.5	9.5	13.4
Total	100.0	100.0	100.0

Source: Computed from survey, 2009

The main labor force of landless household has low educational level and professional skill. There are 110 workers in 100 households. Therefore, the main jobs of this employees are simple or low-skill jobs and their salary is 1.8 million VND per month (about 20 USD). In present, there are 50 percent of rural labor have a stable

job and unemployed ratio is 37 percent; 75-85 percent small-scale household has dual-jobs (both farm and non-farm), 1-3 laborers engage in non-farm activities. There are 10 percent of households have 4 laborers who are workers, doing service or small business



Graph 2. Percentage of rural labor employed in non-farm activities (%) in Dong Nai, 2000-2009

POLITICAL IMPLEMENTATION AND STRATEGIES FOR SUSTAINABLE DEVELOPMENT OF FARMER HOUSEHOLDS IN CONTEXT OF INDUSTRIALIZATION

- Intelligent economic, equipping knowledge of modern science, high professional skill, continuous training, combined educational programs and lectures meet real demand of profession and human resources for industrialization through investment for vocational education for small-scale

and landless households' labor force. It should pay priority to improve educational level in advance of other solutions. It needs to associate with enterprises and vocational centers in planing the teaching program that are suitable and adapt with young people in rural area in order to reduce the "blue

collar” workers and increase number of “white collar” worker in the industrial parks.

- Organize farmers to visit, learn by doing and participate various training courses of economic and technique (ex. Market management, market analysis, analysis of cost-benefit or production efficiency, cooperation and collaboration in production and agri-products consumption....).
- Encourage small-scale farmers change animal-cropping pattern into urban agriculture by exploiting low-effective land area (improve mixed garden and fallow land...) put it into production of horticulture such as vegetables, mushroom, pets, golden fishes, specific animals, bonsais and flowers, agriculture associating with eco-tour.
- In progress of industrialization, from prefeasibility survey to next planing steps for strategies of land use, the policy makers should refer to and organize dialogue/meeting to compile opinion of rural people and farmer

households in order to give an opportunity for them to participate in doing the important plans for agriculture and rural development.

- Local government and functional departments organize to collaborate small-scale farmers into groups of producers or cooperatives for production and consumption adapting with market requirement, particularly produce some specific and traditional products with high-value added such as (mushroom, vegetables, golden fish, bonsai, fruits, rice paper, ceramic and porcelain, wood furnitures...).
- Research to recover and develop step by step the traditional handicraft products of Dong Nai, to employ a number of jobless laborers or underemployed rural people, give job opportunity for young rural labor force of landless and small-scale households.
- Policies for industrialization must be harmonized in long-term vision with farmer’s livelihood, for sustainable agriculture, balance of cost and benefit, and give opportunity for farmer to adapt with change of socio-economic condition by discussion of each partners, factors in society.